

MARYSVILLE SCHOOL DISTRICT No. 25
Snohomish County, Washington
September 1, 1991 Through August 31, 1992

Schedule Of Findings

1. Payroll Charges To Federal Grant Programs Should Be Supported By Adequate Documentation

During our audit of the Chapter 1 program, we found inadequate documentation supporting employee hours charged to this federal program.

The district's centralized payroll system is an exception basis system; consequently, employees only complete a time card if leave time is taken during the payroll period. As a result, Chapter 1 teachers who do not submit a time card to the payroll department, and who charge 100 percent of their time to the program have no required documentation for "time and attendance" during that payroll period.

To correct this problem, full-time Chapter 1 teachers can prepare the same "Time and Effort Reports" already prepared monthly by teachers who charge only part of their time to this program. These "Time and Effort Reports" document time spent on Chapter 1 instruction and compare that to total time each month. They act as both documentation of "time and attendance" as well as "time distribution" among programs.

The Office of Management and Budget (OMB) Circular A-87, Attachment B, paragraph B(10), states in part:

Payrolls must be supported by time and attendance or equivalent records for individual employees.

Superintendent of Public Instruction Bulletin No. 59-92 defines "employee time and attendance report" on page 5, No. 12, as:

... a report prepared and submitted for every pay period signed by the employee and the employee's immediate supervisor that reports actual compensable time, time distribution, and compensable actual attendance. Such time and attendance report shall be supported by contemporaneous time, time distribution, and employee attendance records ... Compensable time is that time for which the employee gets paid pursuant to a contract of employment.

Without the required supporting documentation, it is not possible to ensure the federal grant is charged for only legitimate payroll costs.

We therefore recommend all employees charging time to the Chapter 1 program complete a "Time and Effort Report" or other "time and attendance" documentation covering each payroll period, and that such reports be signed by the employee and immediate supervisor in a timely manner.

We further recommend that district officials implement similar payroll procedures for employees who charge time to other federally funded programs.

2. The District Should Ensure Teachers Provide Adequate Documentation Of Hours Spent Earning Incentive Pay

We reviewed incentive payments made to teachers, pursuant to their supplemental contracts, for work performed beyond the basic education program. We found that the district does not obtain sufficient documentation from the teachers to ensure that payments are made only for identifiable and measurable work done. In fact, the district only requires an annual signed statement from each teacher, listing the activities included in the original supplemental contract. Also, no time records are maintained by the teacher, documenting actual time spent for each of the contracted activities.

Attorney General Opinion 89-15 states in part:

In order to be lawful, "incentive payments" made to school district personnel under the authority of RCW 28A.400.200(4) must be related to some identifiable, measurable, "incentive" defined in a district policy or contract and amounting to more than the performance of duties and functions defined by statute as "basic education."

A school district must retain documentation of eligibility for payments . . . but the exact form of the documentation depends on the nature of the payments

Without time records to support actual work performed by teachers to earn their "incentive payments," the district cannot be assured the terms of the supplemental contracts were fulfilled by each teacher.

In our opinion, the district should require teachers to submit time records documenting actual work performed for activities listed in their supplemental contracts. These time records should contain at least the date, hours worked, activity, employee's and supervisor's initials, and should be submitted at least once a month.